

“Fiscal 2019 has started off well in what is seasonally our strongest period with record first quarter club and restaurant sales, featuring solid same-store growth in nightclubs.”

— Eric Langan, president and CEO, RCI Hospitality Holdings Inc.



# Skin *in the* game

Adult entertainment clubs report they are doing well in Florida

BY ERIC RADDATZ

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**W**HEN IT COMES TO THE ADULT ENTERTAINMENT industry, business is strictly business ... for most.

For those who see adult entertainment from a strictly business point of view, not much is different from any other say, ordinary business.

The folks who go to such establishments are “the same who you see at restaurants, at concerts, at the movies, at the coffee shops,” says Rick Arenas, investor in Scarlett’s

▲ The well-known Mons Venus in Tampa is run by Joe Redner, who has profited from the business since the 1970s.

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# SKIN

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Cabaret in Fort Myers. “They just like to go out for adult entertainment too. They’re the same people. It’s no different than any other business, really.”

And business is going very well for him in this portion of his investment company, he says. This business is business to him. He says his club operates with a respect for the entertainers. “I will never call an entertainer a ‘stripper.’ It’s degrading, although that is what they were called 30-40 years ago.”

He encourages couples to visit his club, offers football parties and WWF specials — downplaying the adult entertainment part. “It’s different than it was when I was younger.”

A number of clubs seek to promote their establishments as a good place for happy hour, for girls’ night out, or just a fun place to watch the game.

Many say business is up and some have grown their enterprises into lucrative investments.

RCI Hospitality Holdings Inc. or “RICK” as it is traded on Nasdaq, for example, owns and operates a dozen or so upscale adult entertainment clubs including Tootsie’s Cabaret in Miami and Scarlett’s Cabaret strip club in Pembroke Park, which it reportedly was purchased for \$25 million in 2017. In January it reported first quarter total sales up 6.5 percent with total club and restaurant sales at \$43.4 million compared to \$40.8 million in the same quarter of last year.

RCI has been previously named by Forbes as one of America’s 200 Best Small Companies. Business, as far as business goes, appears to be lucrative

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— Rick Arenas, investor in Scarlett’s Cabaret in Fort Myers

right now.

“Fiscal 2019 has started off well in what is seasonally our strongest period with record first quarter club and restaurant sales, featuring solid same-store growth in nightclubs,” Eric Langan, president and CEO said at a public meeting last month.

And business is not just a lucrative one for investors, it seems. It is also quite profitable for those working in the clubs. “If you are bartending at my club you’re making at least 20 percent more than as a server at any other bar, restaurant or regular club in town,” Mr. Arenas said.

This seems borne out by those who have worked in both environments in the past. “Yes, if we were working the late shifts, comparable to both establishments we would definitely make more at the adult clubs,” says Silvie Krizova, a popular server who works exclusively at a restaurant in downtown Fort Myers.

Profits and higher tips come from pricing on beverages, for example, where it is normal to pay a lot more for VIP bottle packages. One website lists prices for being served in its champagne room of “\$325 for a premium bottle and four guests” to “\$975 for three bottles



VANDY MAJOR / FLORIDA WEEKLY  
Rick Arenas, an investor in Scarlett’s Cabaret, says the adult entertainment industry is profitable, and also a different type of place than when he was younger.

and up to 12 guests.” Tips rise with the cost of the drinks.

The dancers, who will generally make more than the bartenders, can charge in the range of \$250 for a half-hour “experience,” or \$25 for a lap dance, and will generally offer a percentage to the house and tip those who assist them with the service.

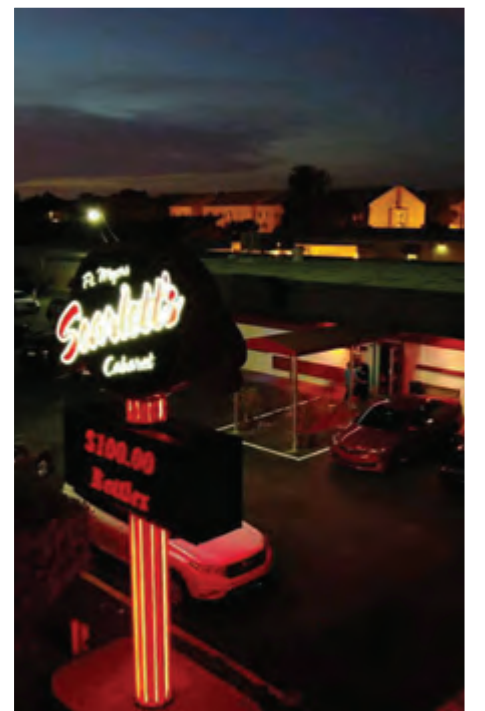
The dynamic of how each club conducts business with its dancers seems different from club to club, however most treat the dancers as independent contractors who get paid directly by the clients visiting. Some dancers pay the club owners, or house, and DJ a percentage of that.

Through it all, and in a sweep of litigation over the last few years, many dancers sued strip club owners across Florida and nationwide, demanding the benefits offered to actual employees. Many won in class-action style, claiming they were more than just independent contractors and were not paid minimum wage, often forced to pay the house at exaggerated levels, and without basic benefits. Florida clubs paid out millions to settle these suits.

Joe Redner notes that his dancers are all self-employed. He just charges people to come in. He notes that he has been arrested over 150 times, mostly in the early years establishing the industry’s legality. He runs the Mons Venus strip club in Tampa and has been in the industry since the 1970s when go-go establishments were the rage.

“I’ve found a way to monetize the fight, though,” Mr. Redner says. “I’ve parlayed the Mons Venus into a \$60 million operation including property expansion, beer manufacturing and the marijuana business.” Adult entertainment has indeed opened doors in other business he would never have had the chance to get in, he says. The arrests have subsided, as most were of lewd conduct and through the years have gotten thrown out. “We have a first amendment right and our constitution and the Supreme Court has protected us in the business.”

Ask him what has changed the climate of the industry and he says it was



COURTESY PHOTO  
Scarlett’s Cabaret in Fort Myers encourages couples to visit and offers football and WWF parties and specials.

conclusively one thing. “The internet.” The easy access to free content online delivered a hit to the industry.

Dave Johnson, who runs Teasers in Key West, agrees that the internet, and in 2017 Hurricane Irma, have adversely affected businesses across the board.

“(The year) 2019 we feel will be better than 2018 or 2017 when Irma hit us,” Mr. Johnson says. The hurricane closed his establishment for 10 days. He says business is better than ever now, although his clientele has changed a little.

“Sure, we’ve had more couples than we’ve ever had before. Still, in the end it’s all about selling drinks. Key West used to be very seasonal, but what is happening now is that we have become much more gentrified with hotel rates high all year round. I have millionaires come in on a regular basis.”

“Anyway, I don’t think I could ever go back to the 40-hour work week,” Mr. Johnson admits. ■

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